

<p align="center">2003 - 2004 ANNUAL REPORT</p>

RESULTS OF OPERATIONS IN THE GENERAL FUND

The General Fund ended the year in a stable position. A final available ending fund balance of \$153.4 million was realized, as reflected in the following table:

GENERAL FUND BUDGET TO ACTUAL COMPARISON FOR THE YEAR ENDED JUNE 30, 2004 (\$000s)

	Revised Budget	Budgetary Basis Actual	Variance
<i>Sources</i>			
<i>Beginning Fund Balance*</i>	183,372	183,372	-
<i>Liquidation of Carryover Encumbrances</i>	671	2,396	1,725
<i>Subtotal</i>	184,043	185,768	1,725
<i>Revenue</i>	648,750	648,862	112
<i>Total Sources</i>	832,793	834,630	1,837
<i>Uses</i>			
<i>Personal Services</i>	489,453	485,475	3,978
<i>Non-Personal/Equipment/Other</i>	88,117	84,790	3,327
<i>City-Wide Expenses</i>	117,052	86,528	30,524
<i>Capital Contributions</i>	30,753	17,824	12,929
<i>Transfers</i>	6,639	6,559	80
<i>Reserves</i>	100,779	-	100,779
<i>Total Uses</i>	832,793	681,176	151,617
 <i>Available Ending Fund Balance</i>		153,454	153,454

* Includes an Encumbrance Balance of \$23.8 million

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RESULTS OF OPERATIONS IN THE GENERAL FUND (CONT'D.)

The actual ending fund balance of \$153.4 million exceeded the estimated ending fund balance level by approximately \$23.3 million. The elements of that variance are illustrated in the following comparison of estimate to actual chart. The estimated fund balance column represents the projections used to formulate the Beginning Fund Balance amount, included as a source of funding in the 2004-2005 Adopted Budget.

**2003-2004 GENERAL FUND
ENDING FUND BALANCE ANALYSIS
(\$000s)**

		Budgetary Basis	
	Estimate	Actual	Variance
<i>Sources</i>			
<i>Beginning Fund Balance*</i>	183,372	183,372	-
<i>Liquidation of Carryover Encumbrances</i>	1,871	2,396	525
<i>Subtotal</i>	185,243	185,768	525
<i>Revenue</i>	649,837	648,862	(975)
<i>Total Sources</i>	<u>835,080</u>	<u>834,630</u>	<u>(450)</u>
<i>Uses</i>			
<i>Expenditures</i>	698,642	674,617	24,025
<i>Transfers</i>	6,639	6,559	80
<i>Reserves</i>	(305)	-	(305)
<i>Total Uses</i>	<u>704,976</u>	<u>681,176</u>	<u>23,800</u>
<i>Available Ending Fund Balance</i>		<u>153,454</u>	<u>23,350</u>

* Includes an Encumbrance Balance of \$23.8 million

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RESULTS OF OPERATIONS IN THE GENERAL FUND (CONT'D.)

The actual 2003-2004 liquidation of carryover encumbrance amount was \$2.4 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2002-2003 financial statements and the end of the 2003-2004 fiscal year. Liquidation of prior year encumbrances results in a reduction in the obligations against the fund balance. These funds then become available for reappropriation. The estimate to actual variance of \$525,000 represents carryover encumbrance liquidations that occurred at a higher level than originally anticipated when formulating the fund balance estimate.

A detailed analysis of the significant variances between estimates and actuals for revenues, expenditures, transfers and reserves is provided in the following section.